Developing a presence in a mainstream market with a product perceived as offbeat

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Abstract

Generally when one thinks of Australian wine regions images of the Barossa Valley, the Hunter Valley or Margaret River may be conjured up as they have developed a presence in the mainstream market. Queensland, by contrast, may be perceived as offbeat, despite its similar quality and growing conditions. This study explores the plausibility of Queensland developing a presence in a mainstream market with findings from a survey completed by 347 people. The results indicate that when consumers choose their wine on the basis of terroir that personality, reputation and label design are the most important elements. Positioning wine from Queensland on its personality may hold the key to having an offbeat product compete in a mainstream market.

Introduction

Increasingly marketing managers are told to meet mainstream customer needs because it is the most cost-effective way to succeed in business. However, wine produced in Queensland is not considered mainstream, compared to the rest of the Australian wine industry Queensland is different. Queensland has one of the most elevated wine growing regions in Australia, the highest percent of cellar door operations (90%), the highest concentration of boutique wineries in Australia, with 93.6% of Queensland wineries crushing less than 500 tonnes (Mutton, 2007). Low annual production presents problems for wine produced in Queensland entering and competing in the mainstream market as retailers want constant and consistent supply (Kennedy 2005). In the wine industry many retail outlets market and display wine by terroir or Australian states. Wine from Queensland generally occupies one or two shelves in comparison five or six rows of wines occupied by the other Australian states: getting shelf space and being noticed is increasingly difficult. The wine industry in Queensland comprises of 223 companies (brands) competing with 2645 other Australian brands and more than 20,000 global brands (the Uncorked Cellar, 2008). The Queensland wine industry is finding it challenging to build customer awareness, even though, in general, the wine itself is of comparable quality to other parts of Australia and the globe (Metcalf, 2008).

In an industry proliferated with brands and new brands increasingly entering the market, is it possible to be sustainable and develop a presence in the mainstream market? The Queensland Wine Industry is asking this very question. The purpose of this study is to address this positioning issue that the Queensland Wine Industry is facing by exploring consumer wine perceptions.

Wine from Queensland

Wine is Australia’s third biggest agricultural export, and wine sales steadily increased at around 4% over the last ten years (Moore 2007). While Queensland was once perceived as an Australian wine producing state (1860-1930), it is only in the last ten years that the wine industry has become important again (Queensland Wine Industry Association 2008). While there are ten wine growing regions in Queensland, the most well-known is the Granite Belt, which has granite based soils and is considered to be one of the highest wine growing regions in Australia with altitudes of 700-1250 meters above sea level, and temperatures comparable to other Australian and global wine growing regions with Heat Degree Days (HDD) reading of 1703 similar to the Barossa Valley (South Australia), Margaret River (Western Australia) and better/warmer than Bordeaux vintages in France (HDD= 1990 & 2000) (Queensland Wine, 2008). Wine from Queensland shares the varietal name of its wine with wines from other better known wine growing regions, for instance, chardonnay, semillon, sauvignon blanc, shiraz, cabernet sauvignon, merlot and chambourcin along with off-beat varieties that distinguish Queensland from other wine growing regions: mango, lychee, banana, pineapple and passionfruit and herbal wines (Queensland Wine, 2008).

There is some debate about whether wines produced in Queensland can become "mainstream" and taken seriously; some suggest that strong leadership is required, and that the Government should take a leadership role to develop the industry as a mainstream player (Kennedy 2005), The Queensland Government argue that the industry has to be innovative and more diverse if it wants to succeed long-term (QWIA 2006); others suggest that the wineries themselves should concentrate on developing excellence and producing a consistent and high quality product. The President of the Winemakers' Federation of Australia, Chambers (2006), and the Grape and Wine Research Development Corporation (GWRDC) are in agreement that the consumer is the key that underpins what grapes to grow, the development of the wine, improving efficiencies in processing and marketing communications. There seems to be some level of agreement that to be successful long-term, wines from Queensland must profitably meet consumer demand – that fits its purpose, improves processing efficiencies and communication flow between growing grapes, making wine and consumers (Chambers 2006; QWIA 2006; QLD Government 2006). Similarly, Mutton (2007) argued that to grow and be competitive new market opportunities must be identified, and existing customers must be better served and that the start of the research process should be "getting to know your customer".

To address the issue of "knowing your customer" some exploratory Queensland consumer research was conducted by AC Nielsen (Kennedy 2005), Mowle and Merrilees (2005) and Sparks and Malady (2007). Focus groups (4) conducted by AC Nielsen (Kennedy 2005) for the Queensland Wine Industry found that there was little or no awareness of QLD wine producers, some people perceived "an increased risk" with drinking wine from QLD because it wasn't well known. The focus groups were asked questions regarding general wine consumption choices and the findings indicated that impacting on wine choice was the flavour, colour, aroma and taste of the wine. However, because the findings were not quantifiable the importance or the extent of their impact on consumption choices could not be ascertained, which makes it difficult to develop positioning strategies. In another qualitative study conducted by Mowle and Merrilees (2005) they recommended that in order for wines from QLD to be noticed that they needed to place a greater emphasis on the development of a strong brand identity that will differentiate them from a plethora of other wineries on the market. The third study into wines from QLD was on the wine tourism side and Sparks and Malady (2007) found consumers visit wineries to have an emotional experience (i.e. pleasure and enjoyment) and to see the people - the small business owner, a family business, the wine maker – an opportunity to get to know the person behind the wine and associate the personality of the person with the wine.

The wine industry in Queensland is at a cross-road and has to decide whether to strive to develop a presence in the mainstream marketplace or to continue to be a highly fragmented boutique industry and concentrate on niche marketing strategies. To explore this issue further it is necessary to (1) gain a better understanding of consumer perceptions of Queensland wine and (2) find out if perceptions of Queensland wine are similar to perceptions of other wine producing areas in Australia. To address this issue, three hypotheses were developed.

H1: Consumers will perceive wine produced in Queensland the same as wine produced in other areas of Australia.

H2: When consumers choose wine on the basis of terroir in Queensland, their reasons will be the same as the reasons consumers choose wine on the basis of terroir in other wine producing areas of Australia.

H3: When consumers want to support local wine producers they look for the same thing when choosing wine produced in Queensland as they do when choosing wine produced in other areas of Australia.

Research Design

To address the three hypothesis presented in this study, it was decided to develop a survey based on previous focus group findings (Hudson Howells 2005; Kennedy 2005) as the results of the survey would indicate if consumers have similar perceptions and reasons for choosing wine produced in Queensland; and may provide information that could assist with positioning strategies. From the focus groups there appear to be fifteen reasons to explain why people choose wine (Hudson Howells 2005; Kennedy 2005) such as food matching, price, label design, personality, wine style or grape variety, flavour or aroma, taste, low alcohol, brand name, reputation, wine producing area (terroir), previous experience and/or another person's opinion and these items were also placed in the survey. Lifestyle and previous experience can impact on the reasons and also on the wine choices made, thirteen items from Keown and Casey (1995) were included in the survey; example items are *every wine is a new adventure*, and *I am highly knowledgeable about wine*. To measure the items in the survey five-point Likert scales were developed to determine an individual's level of (dis) agreement with the statements with a one representing strongly disagree and a five representing strong agreement.

The survey was a two-page design with the questions relating specifically to wine produced in Queensland appearing half way down the second page and well after the questions relating to other wine producing areas of Australia (on the first page). Along with closed ended questions, two open ended questions were placed in this section to enable participants to provide opinions about Queensland wine. One of the open ended questions asked "In general, how would you compare wine produced in Queensland relative to other wine producing areas in Australia?" The survey was administered by market research students to alcohol consumers over the age of 18 across the Australian states of Queensland, New South Wales, ACT and Western Australia. The idea was to gauge a range of responses from alcohol consuming consumers likely to include a cross-section of wine drinkers, non-wine drinkers, wine drinkers in Queensland and wine drinkers outside of Queensland that had visited Queensland recently.

Results

Returned were 347 usable surveys from people aged from 18 to over 70 years. Most of the participants belong to generation Y (n=189; 55%), followed by generation X (n=99; 29%) and baby boomers (n= 54; 16%) and were mainly female (59%; n=204; males=41%; n=143). Nearly all of the participants were wine drinkers (95%) with only 16 not drinking wine. When asked how many occasions per week wine was consumed many drank wine less than once a week (n=130), once a week (n=74), twice a week (n=54), three times a week (n=42) or four or more times a week (n=31) indicating a variety of wine drinking habits.

To find out if people had tried wine from Queensland, the participants were asked if they had previously purchased a bottle of wine produced in Queensland, of the 347 participants, 243 (70%) had purchase a bottle of wine produced in Queensland. It was expected that people in the study would mainly purchase their Queensland produced wine from a winery, however, the results indicated that wasn't the case, and that generally people prefer to buy their Queensland produced wine from a bottle shop (n=150; 43%), followed by a trip to a Queensland winery (n=119; 34%), or at a restaurant serving Queensland wine (n=113; 33%), and/or from a wine club (n= 24; 7%).

To address H1: if consumers perceived wine produced in Queensland to be the same or similar to wine produced in other areas of Australia a qualitative and a quantitative analysis was conducted and the results triangulated. The quantitative results (t=1.02; p=0.05) indicate no difference, and support for H1. Similarly, the results of the qualitative analysis imply the same, with 73% of participants perceiving something similar to "*wine produced in Queensland is on par or better than wine produced in other areas of Australia*" (participant number 273). Most of the participants commented on the popularity of other wine producing areas in South Australia or Western Australia and that by comparison wine produced in Queensland wasn't as well known or popular, even though, generally, *the standard is as high* (participant 157), *equal* (27% of participants) or *tastes the same to me* (participant 3). Only 27% of participants felt that wine produced in Queensland wasn't as good.

To address H2, the reasons why consumers choose wine on the basis of terroir, a step-wise regression indicated four significant statements and they were: *I like to support local wine producers* (β=.26; t=5.32), *I am highly knowledgeable about wine* (β=.17; t=3.86), *every wine is a new adventure* (β=.16; t=3.54) and *my wine preferences are influenced by others* (β=.15; t=3.61). Table 1 shows similar results for the reasons people choose wine in other Australian wine producing areas, and the t-tests conducted support this and indicate no significant differences (t <1.96; p >0.05), except for *I am highly knowledgeable about wine* which was found not to be significant for other Australian wine producing areas.

Table 1: choosing wine on the basis of terroir: QLD versus Australia

Exogenous variable	Endogenous variable	β value	t value
I like to support local wine producers	wine produced in QLD	.26	5.32
	Australia	.23	3.68
My wine preferences influenced by others	wine produced in QLD	.15	3.61
	Australia	.15	2.75
Every wine is a new adventure	wine produced in QLD	.16	3.54
	Australia	.18	3.14
I am highly knowledgeable about wine	wine produced in QLD	.17	3.86

To address H3 and investigate what consumers are looking for when wanting to support local wine producers and if it was the same for Queensland as it for other Australian wine producing areas, step-wise regression and t-tests were used to find the best explanation. The results indicated that an individual consumer is likely to be looking for the wine to have a personality (β=.18; t=3.44), the winery itself to have a reputation (β=.16; t=3.27), and the design of the label (β=.12; t=2.68). When comparing the beta values the results of the spooled t-tests indicate no significant differences ($t<1.96$; $p>0.05$) for wine produced in QLD and wine produced in other areas of Australia.

Discussion and Conclusion

The results provide new information regarding consumer perceptions about wine from Queensland as they quantify consumer perceptions and place them in an order of importance indicating that when people choose wine on the basis of terroir they do so to support local wine producers firstly. And that food matching, price, wine style or grape variety are of lesser importance which adds new information to the findings of Hudson Howells (2005), Kennedy (2005), Keown and Casey (1995) and Mowle and Merrilees (2005). Further the results show that the factors consumers seek when wanting to support the local wine producer include and highlight the importance of personality, reputation and label design. These results support the findings from Sparks and Malady (2007) about the importance of “the people” behind the wine and add further information as they put the importance of personality into context.

Before generalisable inferences can be made, further research should be conducted to see if results would be similar given that this was the first known quantitative study into consumer perceptions about wine from Queensland. Despite this limitation, a recommendation would be to consider positioning the Queensland Wine Industry using some of its local personalities, identities or icons to give wine produced in Queensland a distinctive Queensland personality.

Wine Australia (2007) suggest that positioning wine as a regional hero is an indication that the wine is from somewhere, rather than anywhere and to do this successfully Wine Australia (2007) suggest that there has to be a clear association between region, variety and style for consumers. The results of this study indicate a different perspective, and indicate that variety and style aren’t important as when consumers are looking for a local hero, what is important is personality, reputation and label design.

The importance of personality as a positioning tool has been argued by Aaker (1997) and Sweeney and Brandon (2006) as it is difficult to copy and can therefore reduce competitor erosion. This notion of products or brands having a personality is based on symbolism and animism theory (Aaker 1997; Fournier 1998; Freling & Forbes 2005), which suggests that like people, products (i.e. wine) and brands may be perceived as having consistent behaviour over time and from this behaviour a wine personality may be inferred from the behaviour of people (i.e. the wine maker), marketing communications (the style of the bottle, its label design) and other marketplace behaviour (Aaker 1997; Diamantopoloulos, Smith & Grime 2005; Orth & Malkewitz 2008; Plummer 1984; Wee 2004). Along with creating awareness, the results from Freling and Forbes (2005) show that brand personality has positive consequences as it was found to be a contributing factor to developing positive consumer attitudes.

As personality enables a brand to uniquely identify itself from a plethora of other brands positioning on personality may help an issue facing wines produced in Queensland, developing a retail presence. The results indicated the importance of bottle shops as the preferred place of purchase for consumers, and if as an industry, Queensland can develop a display that centres on its local personalities and icons this may create further awareness and draw consumers toward wines produced in Queensland. Developing a personality though eputation and label design may be one way in which an “offbeat” product can compete in a mainstream market.

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